



## Department Description

Debt Management conducts planning, structuring, and issuance activities for short-term and long-term financing to meet the City's cash flow needs and to provide funds for capital projects, equipment, and vehicles. In addition, the Department coordinates the Community Facilities District and 1913/1915 Act Assessment District formation procedures and related conduit bond issuances to fund public infrastructure projects. The Department monitors outstanding debt issuances for refunding opportunities and performs, coordinates, and monitors certain post-issuance administrative functions. With respect to the latter, Debt Management works with the Office of the City Attorney, outside counsel, and other departments to administer debt service payments; monitor the City's compliance with existing bond covenants; coordinate the filing of annual continuing disclosure reports; and respond to requests for information related to outstanding bonds.

Debt Management performs financial analyses for the Mayor and City departments. The Department also works with the Public Utilities Department to develop financial plans and identify infrastructure funding based on the public utilities' rate analyses, projections, and federal, State, and local mandates. Debt Management is organized into the following functions:

### Citywide Contractual Services

Citywide Contractual Services provides funds for consulting contracts including financial advisory and special tax consultant contracts and for services relating to a wide range of financing issues.

### Enterprise Fund Financing and Administration

Enterprise Fund Financing and Administration coordinates the structuring and issuance of bond financings for City capital projects funded and secured by the City's enterprise funds and performs or coordinates certain post-debt issuance administrative functions including continuing disclosure annual report filings.

# Debt Management

## General Fund Financing and Administration

General Fund Financing and Administration coordinates the structuring and issuance of bond financing for City capital projects funded and secured by the City's General Fund and performs or coordinates certain post-debt issuance administrative functions including continuing disclosure annual report filings.

## Special Districts Financing and Administration

Special Districts Financing and Administration coordinates Community Facilities District and 1913/1915 Act Assessment District formation procedures and related bond issuances, and performs or coordinates certain post-debt issuance administrative functions including the calculation and enrollment of special taxes and assessments and continuing disclosure annual report filings.

The Department's mission is:

*To provide a comprehensive and innovative debt management administration to meet the financing needs of the City in a cost-effective manner taking into account City priorities as well as legal, financial, and structuring considerations*

## Goals and Objectives

Fiscal Year 2010 goals and objectives are reprinted here as they were originally adopted. They have not been updated to reflect mid-year budget reductions, as implementation of those changes will occur in phases during the remainder of Fiscal Year 2010, making it difficult to provide reliable projections of service levels and performance targets. Additionally, an effort is currently underway to update the City's Strategic Plan goals and objectives, which may also alter the City's objectives, strategies, and performance expectations for the remainder of Fiscal Year 2010 and beyond.

### ***Goal 1: Offer innovative financial products to effectuate the City's capital financing plan***

Offering innovative financial products as part of the City's capital plan will enable the City to pay for much needed capital projects. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Implement and execute financings for capital needs on a timely basis
- Ensure financings implemented are cost-effective

### ***Goal 2: Implement the use of best practices***

Use of best practices is vital in improving and maintaining the efficiency and effectiveness of any organization. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Maintain efficiency and accuracy of Department operations
- Enhance document retention and access practices
- Establish and regularly update the City investor webpage

### ***Goal 3: Manage post-issuance compliance***

Post-issuance compliance is an important process necessary to maintaining the tax exemption of interest on outstanding obligations and in ensuring the City's compliance with federal securities laws. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Optimize returns from bond funds
- Perform regular financial reporting for all stakeholders
- Ensure that the compliance monitoring process is efficient and effective

# Debt Management

## ***Goal 4: Adhere to best practices as it relates to disclosure***

Enhanced disclosure practices improve the process of providing timely and accurate financial reporting to stakeholders. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objective.

- Implement and execute financings that adhere to the City's disclosure practices

## ***Goal 5: Promote the highest ethical standards and behavior among employees***

Promote and enforce the City's ethical practices to ensure integrity, accountability, service, team support, openness, and diversity in the Department. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Offer training to management and staff on ethical standards
- Management review of standards and ethical practices with staff on a regular basis

## ***Goal 6: Hire, retain, and develop skilled employees***

Developing and retaining a trained and skilled workforce is essential to the success of the Department. Ensuring that our employees are trained and have access to the necessary resources will create a higher performing organization that operates more efficiently and effectively. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Promote and develop excellence and high caliber in the Department
- Ensure knowledge transfer occurs to develop bench strength

## **Service Efforts and Accomplishments**

Following are the service efforts and accomplishments of the Debt Management Department in Fiscal Year 2010 to date:

### **General Fund**

In July 2009, Debt Management facilitated the public offering of \$124.0 million of Tax and Revenue Anticipation Notes to fund Fiscal Year 2010 General Fund cash flow needs. In November 2009, Debt Management implemented the City's participation in the Proposition 1A Securitization Program which replaced \$36.0 million of property tax revenues that were required to be loaned to the State as part of the State's budget actions for Fiscal Year 2009-2010.

The Department currently is in the process of implementing a Master Refunding of certain outstanding General Fund obligations with the issuance of the Master Refunding Lease Revenue Bonds, Series 2010A. The Master Refunding in an amount not to exceed \$185.0 million is expected to occur in May 2010. This proposed offering contemplates repayment of the privately placed Deferred Capital Improvements Lease Revenue Bonds, Series 2009A and the economic refundings of the Taxable Lease Revenue Bonds, Series 1996A (San Diego Jack Murphy Stadium) and the Certificates of Participation, Series 1996B. The average annual debt service savings to the City from the economic refundings are estimated at \$1.0 million.

### **Public Utilities**

As a continuation of the implementation of the 2009 financing plan which implemented two series of bonds issuances for the Water System (Refunding and New Money) in the first half of 2009, Debt Management is currently formulating an economic refunding of the remaining 1998 Certificates and a portion of the 2002 subordinated bonds. The par amount of the refunding bonds is currently estimated at \$140.0 million generating 3.03 percent in net present value savings. The financing is contemplated to be implemented by the end of Fiscal Year 2010 subject to market conditions.

In 2009, Wastewater bonds were issued in two series to provide new money for capital projects, repay a private note, and refund certain other obligations. The refunding series provided net present value savings of \$38.5 million. Debt Management is currently facilitating an additional series of an economic refunding of certain outstanding Senior

# Debt Management

Bonds. The proposed financing plan for the 2010A refunding bonds contemplates that approximately \$179.0 million of the outstanding Senior Bonds would be refunded. The financing is contemplated to close in May 2010 subject to market conditions.

## **Special Districts**

The Department is currently assisting in the facilitation of the City's Energy Efficiency, Renewable Energy and Water Conservation Financing Program. This program would establish the legal framework necessary for creation of a Special Tax District and provide special tax financing to property owners within the City who wish to install renewable energy, energy efficiency retrofits, and/or water conservation improvements on their property, and to pay for those improvements over a period of up to 20 years through a special tax levy included on their property tax bills.

# Debt Management

## Department Summary

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
Positions	21.00	18.00	(3.00)
Personnel Expenses	2,224,292	1,943,523	(280,769)
Non-Personnel Expenses	407,800	187,976	(219,824)
<b>Total Department Expenses</b>	<b>2,632,092</b>	<b>2,131,499</b>	<b>(500,593)</b>
<b>Total Department Revenue</b>	<b>1,137,885</b>	<b>1,008,057</b>	<b>(129,828)</b>

## General Fund

### Department Expenditures

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
Debt Management	2,632,092	2,131,499	(500,593)
<b>Fund Total</b>	<b>2,632,092</b>	<b>2,131,499</b>	<b>(500,593)</b>

### Department Personnel

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
Debt Management	21.00	18.00	(3.00)
<b>Fund Total</b>	<b>21.00</b>	<b>18.00</b>	<b>(3.00)</b>

### Significant Budget Adjustments

	FTE	Expenditure	Revenue
<b>Revised Revenue</b>	0.00	0	(129,828)
Adjustment to reflect Fiscal Year 2011 revenue projections.			
<b>Adjustment to Contracts and Equipment Outlay</b>	0.00	21,000	0
Funding allocated according to a zero-based annual review of contract and equipment outlay requirements.			
<b>Budget Adjustments Total</b>	<b>0.00</b>	<b>21,000</b>	<b>(129,828)</b>

### Expenditures by Category

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
<b>PERSONNEL</b>			
Salaries and Wages	1,498,456	1,186,135	(312,321)
Fringe Benefits	725,836	757,388	31,552
<b>SUBTOTAL PERSONNEL</b>	<b>2,224,292</b>	<b>1,943,523</b>	<b>(280,769)</b>
<b>NON-PERSONNEL</b>			
Supplies	24,595	23,911	(684)
Contracts	265,838	64,727	(201,111)
Information Technology	99,276	81,846	(17,430)
Energy and Utilities	14,977	15,443	466

# Debt Management

## Expenditures by Category

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Other	1,049	1,049	0
Capital Expenditures	2,065	1,000	(1,065)
<b>SUBTOTAL NON-PERSONNEL</b>	<b>407,800</b>	<b>187,976</b>	<b>(219,824)</b>
<b>Total</b>	<b>2,632,092</b>	<b>2,131,499</b>	<b>(500,593)</b>

## Revenues by Category

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Charges for Current Services	1,137,885	1,008,057	(129,828)
<b>Total</b>	<b>1,137,885</b>	<b>1,008,057</b>	<b>(129,828)</b>

## Department Personnel Expenditures

Job Number	Job Title	FY2010 Budget	FY2011 Proposed	Salary Range	Total
20000119	Asoc Mgmt Anlyst	2.00	2.00	54,059 - 65,333	117,665
20000149	Asoc Economist	3.00	3.00	54,059 - 65,333	173,833
20000539	Clerical Asst 2	1.00	1.00	29,931 - 36,067	35,165
20000756	Word Processing Oper	1.00	1.00	31,491 - 37,918	36,970
20000924	Executive Secretary	1.00	0.00	43,555 - 52,666	0
20001101	Department Director	1.00	1.00	59,155 - 224,099	149,999
20001222	Program Manager	2.00	2.00	46,966 - 172,744	166,026
20001234	Program Coordinator	10.00	8.00	23,005 - 137,904	501,793
	Overtime Budgeted				4,684
<b>Salaries and Wages Total</b>		<b>21.00</b>	<b>18.00</b>		<b>1,186,135</b>

## Fringe Benefits

Retirement ARC	419,518
Supplemental Pension Savings Plan	36,338
Retirement Offset Contribution	15,972
Employee Offset Savings	28,419
Workers' Compensation	4,786
Flexible Benefits	106,048
Risk Management Administration	15,680
Long-Term Disability	10,763
Unemployment Insurance	2,512
Medicare	14,733
Other Post-Employment Benefits	101,664

# Debt Management

## Department Personnel Expenditures

Job Number	Job Title	FY2010 Budget	FY2011 Proposed	Salary Range	Total
	Unused Sick Leave				955
<b>Fringe Benefits Total</b>					<b>757,388</b>
<b>Personnel Expenses Total</b>					<b>1,943,523</b>

## Department Budget by Program

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Financing and Administration	18.00	2,049,653	1,008,057
IT Non-Discretionary	0.00	81,846	0
<b>Total</b>	<b>18.00</b>	<b>2,131,499</b>	<b>1,008,057</b>

